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ABSTRACT

This report discusses several kinds of Federal aid to education and decides that a Federal foundation program is the best type. Arguments in favor of such a program are that (1) contemporary societal problems require a national policy (including a federally financed education program), (2) equity of financial responsibility for the educational system among individuals is best assured through a Federal program supported by a Federal tax system, (3) inequities among States in financial ability and effort can best be removed by such a program, (4) the economic well-being of the nation depends on the scope and quality of education afforded by a foundation program, and (5) a more responsive educational financing system will develop as a result. (JF)

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RESOLVED, THAT THE FEDERAL GOVERNMENT SHOULD FULLY FINANCE A DEFENSIBLE MINIMUM EDUCATION FOR ALL CHILDREN IN THE PUBLIC SCHOOLS

An Affirmative Position

by

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Affirmative arguments on the issue: Resolved, That the Federal Government Should Fully Finance a Defensible Minimum Education for all Children in the Public Schools may be aggregated around several difference concepts of what a federal minimum or foundation program should entail. Among those which come to mind most immediately are these:

1. Such a program might serve as a vehicle for revenue sharing wherein the federal government shares its revenue gathering capability with the states and/or local governments thereby easing the tax burden of these units. In this form of "creative federalism" the federal government recognizes its obligation to maintain a wholesome power balance between the federal level and subordinate levels of government.

2. Such a program might embody the notion of general aid to education at the state and/or local level. The objective would be to provide federal support on a non-categorical basis. If the amount were sufficiently large it might be considered to be a federal foundation program not dissimilar to a flat grant state aid program of considerable magnitude.

3. Such a program might be designed to serve as a vehicle to stimulate the reform in educational tax systems. With such a purpose the federal tax system having more desirable bases and taxing vehicles, and with better distribution systems, would replace to a considerable extent an anachronistic and less responsive state and local financing system.

4. The fourth concept, and the one on which I would like to base my arguments, is that of a federal foundation program wherein in the federal government provides the financing to achieve the objective of providing a basic education program to all children and youth in the nation regardless of their place of residence. It is taken for granted the previously mentioned concepts may be used to support this position, but it is imperative to recognize the primacy of the objective. Too often in our history, "federal aid" to education measures have

been passed with primary objectives being something other than improvement in educational opportunity.

Let me now argue for the affirmative position. The federal government should fully finance a defensible mimimum education for all children in the public schools. There are four basic premises in my position.

1. A FEDERALLY FINANCED FOUNDATION PROGRAM FOR EDUCATION IS ESSENTIAL TO OUR NATIONAL POLICY IN ORDER TO ADDRESS THE SOCIAL PROBLEMS WE ARE FACING TODAY AND WILL FACE TOMORROW.

Our society today is complex, mobile, dynamic, and interdependent. As our economic and technological capabilities have increased, so have concomitant social problems proliferated. The American dream of equality of opportunity and the traditional ladder of social mobility as a means to move toward its realization are being challenged today. There is considerable evidence of polarization and intra-class stability. Equal opportunity in the society today demands equal educational opportunity. The practical assurance of rights guaranteed in the Constitution requires equal educational opportunity for all children and youth across all states in the nation.

There is also a direct relationship between the provision of educational equity and the exercise of federal government powers relating to the general welfare. With the power to provide for the general welfare goes also the implicit responsibility to provide it. Also, with the increasing cruciality for universal and equitable education, it becomes necessary for the federal government to provide it in order to assure equal opportunity to the individual and well as providing for the welfare of the nation as a whole.

2. INEQUITIES AMONG THE STATES ARE OF SUCH A NATURE THAT THEY CAN BEST BE ELIMINATED BY A FEDERAL FOUNDATION PROGRAM FOR EDUCATION.

Variations among the states in matters related to financing public education are so well known and publicized that only a few references need to be cited to

make the point.

Table 1 illustrates the wide range of expenditures per pupil in ADA among the fifty states - a differential that exceeds 230% separating the New York and Alabama averages! By no stretch of the imagination can this be considered equality of educational opportunity.

Table 2 illustrates a useful measure of economic ability to support education and the range of such ability for the same group of states included in Table 1. Again one can apprehend not only the wide range in economic ability but also the absence of a direct corelation between ability and effort of individual states to provide resources for public education.

Table 3 relates public school revenue available to the states as a percent of personal income. It can be noted that among the selected states there is a wide range, but again there is not direct relationship between ability to support education and the degree of financial burden assumed. While both are high expenditure states, New York assumes a relatively heavy burden while New Jersey's is relatively low. While both Mississippi and Alabama are relatively low expenditure states, Mississippi's burden is relatively heavy and Alabama's is relatively low.

The data from these tables suggest that the problem of providing high and equitable levels of public education will not be resolved by merely supplementing state and local budgets with federal revenue. Instead a much more direct and dramatic action is needed.

3. NATIONAL ECONOMIC POLICY DEMANDS THAT AN APPROPRIATE EDUCATIONAL INVESTMENT BE ASSURRED BY A FEDERALLY FINANCED FOUNDATION PROGRAM FOR EDUCATION.

Over the past decade a firm economic rationale has been built, especially by scholars in economics and public finance, which supports the contention that the nation's economic well-being is dependent on an adequate and responsive expenditure for education. Today's most pressing social problems lend evidence to

this thesis. New, improved, and additional amounts of social services are needed today. Greater expenditures are required in the usual areas of education, health, welfare, housing, transportation, research and general government, but also vast new expenditures are needed in areas such as pollution, ecology, population control, and the like. The aggregate costs of such needed services are of the magnitude that the economy, at the current level, would be hard pressed to generate sufficient revenue. Thus, to address these problems, the economy must be expanded. It is here that the crucial role of education becomes evident. The findings of researchers such as Charles Schultz, Edward Dennison* and others have suggested that the economic returns from education are on the order of 16.6-32.2% (Schultz) and 23-42% (Dennison). Thus one must conclude that increased (and directed) spending on education is one of the better ways to stimulate the economy and thus expand economic capability to provide the range and level of social services needed in today's and tomorrow's world.

Analysis of the current paradox of concurrent inflation and recession suggests the necessity of expanding educational expenditure. Recent statistics showed a decrease of real GNP during an inflationary period. The current national economic game plan calls for stimulating the economy and thus counteract inflation by making more goods and services available while hopefully keeping wages on a relatively even keel. Increased education is one of the most effective ways to increase productivity and so should be used as an economic tool in national economic policy.

Another aspect of an economic rationale for a federally funded educational foundation program is that related to fiscal drag. Although it is difficult for any of us today to perceive the time when there would be a surplus in the federal treasury, economists have made guarded predictions to this effect. Given the

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*Jon T. Innes, Paul B. Jacobson, and Roland J. Pellegrin, The Economic Returns to Education. Eugene, Oregon: Center for the Advanced Study of Educational Administration, University of Oregon, 1965.

nature of our rapidly expanding economy and the progressivity of our federal tax system, it would be possible that with a "normal" (peace-time) demand for federally financed programs, a surplus could soon be accumulated. Such an accumulation will result in a deterrent to economic expansion, and a recession could occur. Thus, some means for draining off the surplus must be found, and a worthy program would be that of massive new spending for education. It must be recognized, however, that for the immediate future the so called "peace dividend", which will accumulate after disengagement in southeast Asia, has already been dissipated by other pressing social needs. However, the general concept must be appreciated in terms of federal economic policy.

A third concept supporting an economic rationale for a federal foundation program for education is that related to the total tax system effecting everyone in the country. The term system in this context denotes the interaction of many taxes applied in different ways on all of us. Given the cruciality of education for all of us as individuals, for the nation as a whole, and for the functioning of the national economy, it is important that an adequate revenue system be provided to support it. A federally funded foundation program would reduce the overall regressivity of the existing system and move it to a more proportional level. This would not only provide more economic equity in taxation, but also, I believe, eliminate one of the major causes of the "taxpayers' revolt" and the resulting reduction of educational support at the state and local levels. Excessive educational tax burdens have too long fallen on those least able to pay. In all probability higher levels of local and state educational funding will not come until the burden is shifted toward those better able to pay.

The concept of "spillover" or neighborhood effects in educational financing supports the notion of a federal foundation program. In reviewing current educational problems and variations in ability and effort in financing education among the states, we noted that problems in one state are felt in others. Rich states

assume the problems of poor states through the migration of inadequately educated people. Thus, one way to eliminate the problem is to assure adequate education in all states by providing adequate financing in all.

A fifth concept to support the economic premise is related to the capability of the federal government to incur deficits in order to offset economic fluctuations. Keynesian economic concepts, generally credited with "getting the country moving again" via the Kennedy tax cuts in the early 1960s, are being used again in the 1970s for combatting inflation. Similar financing capability is important for education because it is in periods of depression and inflation that we need to broaden and deepen educational opportunity. However, most states and localities, given their tax and revenue distribution structures, usually are forced to do the opposite - cut or not expand taxation and spending during these periods. Much of this is due to taxpayer resistance, but some no doubt lies in the facts that (1) states and school districts have restrictive debt ceilings and that (2) it is not an obligation of state and local government units to "fine tune" the national economy. Thus, substantial amounts of deficit spending for education can be done only by the federal government. This must be done as periods of recession and/or inflation are precisely the time when massive educational spending is needed.

4. A FEDERAL FOUNDATION PROGRAM FOR EDUCATION WILL DEVELOP A MORE RESPONSIVE EDUCATIONAL FINANCING SYSTEM.

The influsion of large amounts of federal funds will do more than buy more education and stimulate the national economy. As indicated earlier, such a federal program is only one sub-system in a larger system. As a result it will have interactive influences on both the other sub-systems and the system as a whole. Major influences include the following:

(1) A federal foundation program will increase state and local control through expanding decision making at these levels in many states. The assurance

of resources sufficient for a foundational level of education will enable state and local units to consider many more program choices since resources are assured. The probability of the exercise of state and local initiative above the foundation level will further expand this decision making.

(2) The educational finance base, because it is responsive to national needs and since it is funded from a progressive tax base, will become more elastic and expand with need and economic growth. A key feature of an income-based tax is this elasticity. As the economy expands, incomes increase and a progressively larger proportion of revenue is made available to the taxing unit. Thus, increasing amounts of revenue may be available to states and local districts without changing the basic structure of the federal tax system.

(3) Education is one of the largest expenditures in governmental budgets today and will probably increase in proportion as well as dollars in the future. It is necessary that it be supported in the main by the most equitable, elastic, and efficient tax system available. When education is perceived as a national concern of high cruciality, it is imperative that it has financial support by the federal government with its access to the personal income tax.

(4) The shifting of the educational tax burden from relatively regressive systems to a more progressive one should relieve state and local systems. As a result, the potential for state and local initiative above the federal minimal program should be enhanced and thus local control should be extended. This could be further augmented through a "resource equalizer" feature in the federal program to provide more equitable access to support above the minimum.

(5) State and local units, as they receive financial support from the federal government should be held accountable for the use of the revenue. An accountability system will be useful not only in determining the impact of federal dollars, but also in terms of educational expenditures across the board.

(6) The relatively stable financial base afforded by the federal government

will promote stable long term planning in educational programs. As a consequence, specific programs and revenue systems for the exercise of local initiative will be enhanced. Meaningful kinds of cost-benefit analysis can be carried on by these units in order to determine which programs will maximize benefits for costs incurred.

In summary, the idea of a defensible minimum education for all children in the public schools fully financed by the federal government is supported by the following arguments:

1. Contemporary problems of society require a national policy including a federally financed education program.

2. Equity of financial responsibility among individuals for the educational system is best assured through a federal foundation program supported by the federal tax system.

3. Inequities among states regarding financial ability and effort are such that they can best be removed by a federal foundation program.

4. Education of scope and quality afforded by a federal foundation program is necessary for the economic wellbeing of the nation.

5. A federal foundation program will develop a more responsive educational financing system.

Table 1
ESTIMATED CURRENT EXPENDITURE PER PUPIL IN ADA IN SELECTED STATES, 1970-71

State	Expenditure	Rank in 50 States
Alaska	$ 1,429	1
New York	1,370	2
New Jersey	1,088	3
U.S. AVERAGE	839	
Arkansas	578	48
Mississippi	521	49
Alabama	489	50

Table 2
PERSONAL INCOME (1969) PER CHILD IN ADA (1969-70) IN SELECTED STATES

State	Income	Rank in 50 States
Alaska	$17,354	18
New York	25,976	1
New Jersey	22,470	4
Arkansas	11,983	45
Mississippi	9,977	50
Alabama	11,731	46

Table 3
STATE AND LOCAL REVENUE RECEIPTS 1969-70 AS PERCENT OF PERSONAL INCOME, 1969

State	Percent	Rank in 50 States
Alaska	5.0	23
New York	5.3	15
New Jersey	4.9	25
U.S. AVERAGE	4.8	
Arkansas	4.1	45
Mississippi	4.7	29
Alabama	4.0	48

Source: Preliminary figures, Ranking of the States, 1970, Research Division, National Education Association, 1971.

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